



NRC NEWS

U.S. NUCLEAR REGULATORY COMMISSION

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REMARKS BY NILS J. DIAZ, CHAIRMAN

U.S. NUCLEAR REGULATORY COMMISSION

AT THE ALL EMPLOYEES MEETING MORNING SESSION

**10:30 A.M. WEDNESDAY, May 26, 2004
PLAZA AREA, WHITE FLINT COMPLEX**

Good morning, and welcome to the NRC's annual All Employees Meeting. Commissioner McGaffigan, Commissioner Merrifield, and I are pleased to join you in the tent "on the green" to answer your questions and address your concerns to the best of our ability. Our format this morning will be the same as in the past -- following my brief remarks, we will turn the meeting over to you. We encourage you to use this time to communicate with us.

I want to welcome those members of our staff who are located in the Regional Offices, at the Technical Training Center in Chattanooga, and at other sites throughout the country, all of whom are linked to our session this morning as well as to the second session that will take place this afternoon.

We have accomplished some very important objectives since our last All Employees Meeting, and several new challenges are about to begin or are on the horizon. I intend to be brief and very selective in what I cover this morning, so if I fail to mention an activity on which you personally are spending lots of time and attention, it is not a sign of Commission disinterest -- the Commission values the work that all of you are doing and your efforts to help us achieve the agency's mission.

Let me just briefly state at the very beginning for the benefit of our regional office employees that there is nothing before the Commission involving reorganizing the regions. I know this is the subject of ongoing concern and generates at least one question in each of these All Employees Meetings over the last few years, so I thought we should put that thought to rest this year early on.

As you know, the terrorist attacks of September 11, 2001, although not directed at NRC-licensed facilities or activities, have generated some profound changes at the NRC, in the nuclear industry, and in public perceptions about security. In fact, on several occasions this year, you have heard me say that the NRC of today is no longer the NRC with which you are familiar -- we are no longer just a safety agency, but rather a safety, security, and preparedness agency. Since 9/11, we have enhanced security requirements at nuclear facilities and for radioactive materials in many ways. This includes issuing a series of orders imposing new requirements on our licensees, revising the Design Basis Threat, working to improve coordination with Federal, State, and local officials, and organizing the NRC to put us in a better position to implement the necessary changes. It has been a very intense, exhausting, but very productive period. We have done our job well, we have addressed what needed to be done, and we have done it. My Commission colleagues and I are proud of what the NRC has accomplished and grateful for all your hard work.

I believe we are approaching a period of stability in the security arena and I am sure we are all eager to get there and to have stable and effective processes to deal with every aspect of security. The Commission, and, I hope, all of you recognize that unlike Dorothy in The Wizard of Oz, we do not have the option of returning back home to Kansas. Security concerns will remain with us for as long as any of us can foresee, and we will need to ensure that our new security requirements continue to be implemented effectively. Fundamentally, we must keep in mind that we do have a continuing role to play in "promoting the common defense and security," but that role needs to be seen in a balanced perspective with our other responsibilities now that we have taken the steps necessary to enhance security.

What we need to do now is to continue to integrate security with other areas, like safety and preparedness, in a logical and, yes, natural way. This is natural because the concerns raised in the security arena involve many of the same issues involved in avoiding and mitigating accidents. The safety solution would be the same for both cases: to shut down the reactor, cool the core, and maintain the integrity of protective barriers. Our approach to safety, security, and emergency preparedness is therefore an integrated activity that will ensure protection of the public. When our defense-in-depth procedures to accomplish these ends are employed on site, we consider defense-in-depth to be in the realm of reactor safety; when we apply them off site, we consider defense-in-depth part of emergency preparedness.

In the reactor arena, we dealt with the Davis-Besse hole-in-the-head issue, and the plant is now operating at full power for the first time since February 2002. It is critical that we prevent a recurrence of such a challenge to reactor safety. For this reason, we must expeditiously implement the remainder of the Task Force's recommendations. We are also moving forward with risk-informed and performance-based regulation to ensure a more focused attention on what is truly important to safety.

Our materials program is also in the midst of a significant change in focus. We are, of course, only a few months away from the anticipated submission by the Department of Energy of an application to construct a high-level waste repository at Yucca Mountain, Nevada. The NMSS staff, the Atomic Safety and Licensing Board, OGC, and other offices are all engaged in activities to prepare the NRC for its central role in this one-of-a-kind licensing process. The Commission is confident that we are prepared to fulfill our role and equally sure that once the process has begun, we will find it one of the most closely watched and contentious activities in which we have ever been engaged. In addition to the high-level waste repository, the NMSS staff is also continuing to review a request to

authorize construction of a mixed-oxide (MOX) fuel fabrication facility at the Savannah River Site in South Carolina as part of DOE's program to dispose of excess weapons grade plutonium and a proposed new uranium enrichment facility to be located in New Mexico. An application for a second enrichment facility in Ohio is expected in August. All of these activities are breaking new ground for the NRC.

We have implemented most of the changes in our senior management assignments that we announced recently. These changes have already taken place or soon will take place. I have personally experienced the disciplined manner in which senior management changes are done at the NRC when I took over as Chairman after former Chairman Meserve's departure. I am very pleased and proud of the manner in which our senior managers have addressed and discharged their new responsibilities. In remarks I delivered to a meeting of all senior managers earlier this month, I stressed the need to bring a new sense of commitment and awareness to their new responsibilities, to retain what seems to be working and change what is not, and to manage issues and personnel to a new level of effectiveness and efficiency. I challenged the senior management and I challenge all of you to make the NRC work even better than before as an integrated safety, security, and preparedness agency, where enhanced internal communications are being used to manage issues better, and enhanced external communications are being used to keep the American people better informed.

We have a lot on our plate for the coming year -- reviews associated with new power reactor licensing, license renewals, power uprates, fuel enrichment facilities, high-level waste disposal, oversight of licensed facilities, security -- the list goes on and on. I have only mentioned a few in any detail, but I want to stop here and open the meeting up to questions from the floor. I do want to conclude by emphasizing once again that the Commission has the utmost confidence in the ability of the NRC staff to meet the challenges before us. I also want to thank all of you personally for the support you have given the Commission and for the service you are providing to the American people.

Do my fellow Commissioner have initial comments?

May we have the first question, please.